

## Message Text

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PAGE 01 MADRID 10413 221830Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 SSO-00  
INRE-00 /033 W

-----127480 221832Z /53

O 221824Z DEC 77

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 2928

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E.O. 11652: N/A

TAGS: EAIR, SP, US

SUBJECT: CIVAIR - TWA "LIBERALIZED" APEX FILING

REF: STATE 300521; MADRID 10303

1. EMBASSY INFORMED DECEMBER 22 BY TWA MADRID (STAPLETON)  
THAT HE HAD RECEIVED MESSAGE FROM HIS NEW YORK HEADQUARTERS  
THAT FOLLOWING POLICY WILL BE FOLLOWED BY TWA:

- SALES OF "LIBERALIZED" APEX TICKETS WILL BE CONTINUED  
IN US MARKET AND ANY ATTEMPT BY SPANISH AUTHORITIES TO  
"THWART" THIS ACTIVITY SHOULD BE BROUGHT TO ATTENTION OF  
US EMBASSY;

- BASED ON DECEMBER 14 FILING FOR JANUARY 14 EFFECTIVE  
DATE, SPANISH AUTHORITIES MUST FILE NOTICE OF DISSATIS-  
FACTION NOT LATER THAN DECEMBER 29 AND, IF NOT, TWA MADRID  
IS FREE TO START SELLING "LIBERALIZED" APEX TICKETS AND  
SHOULD DO SO;

- RECOMMEND THAT TWA MADRID MAKE SPANISH AUTHORITIES  
AWARE OF "OUR" POSITION THAT "WE" INTEND TO HAVE INDIVIDUAL  
FARES FOR BOTH MARKETS AND THAT "WE" WILL MATCH IBERIA  
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PAGE 02 MADRID 10413 221830Z

GROUP FARES "DOLLAR FOR DOLLAR" NO MATTER HOW LOW LATTER  
MAY GO.

2. ACCORDING TO STAPLETON TWA MESSAGE SAID THAT ABOVE  
POLICY ESTABLISHED "AFTER DISCUSSIONS WITH STATE AND CAB."  
STAPLETON WOULD LIKE TO BE ASSURED THAT ABOVE DOES, IN  
FACT, REFLECT USG POLICY. EMBASSY SHARES DESIRE FOR CLARI-

FICATION. AS EXPRESSED BY SPANISH CIVIL AVIATION OFFICIAL, APPROVAL OF TWA "LIBERALIZED" APEX WOULD LEAD TO RAPIDLY ESCALATING FARES WAR BETWEEN AIRLINES, AS HE CONVINCED THAT IBERIA WOULD FILE IMMEDIATELY FOR "SUPER LIBERALIZED" APEX FIVE DOLLARS CHEAPER OR WITH MINIMUM STAY OF FIVE DAYS INSTEAD OF SEVEN. FINAL RESULT, WHICH WOULD BE RAPIDLY REACHED IN OPINION THIS OFFICIAL, WOULD BE TWO-FARE STRUCTURE: A LOW, "NO CONDITIONS" FARE AND FIRST CLASS FOR FEW WHO MIGHT CHOOSE THIS LUXURY.

3. COMMENT: AS WE UNDERSTAND PROCEDURE, AIRLINES ARE FREE TO BEGIN "CONDITIONAL" SALES OF NEW FARES AS SOON AS FILING MADE, WITH STIPULATION THAT SALE SUBJECT TO APPROVAL OF GOVERNMENTS. THUS TWA MADRID COULD BEGIN SALES OF "LIBERALIZED" TICKETS NOW OR AT ANY POINT UP TO DISAPPROVAL BY US OR SPANISH GOVERNMENT. IF, AS EXPECTED, SPANISH GOVERNMENT DOES FILE NOTICE OF DISSATISFACTION, USG AND SPANISH GOVERNMENT WOULD "ENDEAVOR TO REACH AGREEMENT ON THE APPROPRIATE RATE" UNDER ARTICLE 10(D). FAILING SATISFACTORY AGREEMENT, PRESUMABLY ARTICLE 13 ARBITRATION PROCEDURES WOULD APPLY. IT APPEARS TO EMBASSY THAT SITUATION MAY BE APPROACHING POINT OF CONFRONTATION BETWEEN SPANISH GOVERNMENT/IBERIA POLICY OF ADHERING TO, OR AT MOST SLOWLY ALTERING, OLD STRUCTURED FARE SYSTEM AND LIBERALIZED USG/TWA OPEN FARE SYSTEM. IN THIS FAST-EVOLVING SITUATION, WE WOULD APPRECIATE LIMITED OFFICIAL USE

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PAGE 03 MADRID 10413 221830Z

INFORMATION ON WHAT TWA NEW YORK HAS BEEN TOLD AND WHAT USG VIEWS AND POLICY IN THIS CASE ARE. WE WOULD ALSO APPRECIATE GUIDANCE FOR USE WITH GOS. EATON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIR FARES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 22-Dec-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977MADRID10413  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** ff1549fe-c188-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 300521, 77 MADRID 10303  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**SAS ID:** 147536  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR - TWA \"LIBERALIZED\" APEX FILING  
**TAGS:** EAIR, SP, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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